



July 1, 2016

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 – 12th Street, SW
Washington, DC 20554

*Re: CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WC
DOCKET NOS. 10-90, 07-135, -05-337, 03-109, GN DOCKET NO. 09-51, CC DOCKET
NOS. 01-92, 96-45, WT DOCKET NO. 10-208 BEFORE THE FEDERAL
COMMUNICATIONS COMMISSION*

Dear Ms. Dortch:

As part of its FCC Form 481 filing, Blackfoot Telephone Cooperative, Inc. and Fremont Telcom Co. (referred to collectively as “Blackfoot”) are submitting financial information and progress report on five-year network build-out plans to include detailed maps. Blackfoot has three study areas: 482235, 483308, and 473333. Enclosed are three sets of the Blackfoot financial data and five-year build plans—one for each of study area.

The progress report on the five-year network build-out plans show detailed information of the locations of planned network expansion as well as estimated capital and operating expenditures associated with those network build-outs. Pursuant to 47 CFR §§ 0.457 and 0.459, Blackfoot respectfully requests that its financial information and five-year network build out plans be withheld from public inspection.

The information for which protection is sought is being submitted pursuant to the above-captioned proceeding. As outlined below, Blackfoot is identifying the specific information for which confidential treatment is being sought, the degree to which the information is commercial or financial or contains trade secret information, an explanation to the degree to which the service is subject to competition, how public disclosure would cause competitive harm, identification of the measures Blackfoot has taken to prevent unauthorized disclosure, whether the information is available to the public, a justification for the period of time for which the material should not be available to public disclosure as well as other relevant information supporting Blackfoot’s claim on confidentiality. See 47 CFR §§ 0.459(b).

In the *Fifth Reconsideration Order*, the Commission permitted privately held rate of return carriers, such as Blackfoot, to seek confidential treatment of their financial

information filed pursuant to Section 54.312(f)(2).¹ In addition, the financial data and five-year network build-out plan information constitute Blackfoot trade secrets and commercial or financial information under 5 USC § 552(b)(4).

The progress report on the five-year network build-out plans have been completed in a very methodical, comprehensive manner, and were developed as part of Blackfoot's overall five-year business strategy and plan. Blackfoot has invested significant time, resources and industry know-how in designing and engineering the five-year build-out plan for its telecommunications and broadband network. The five-year network build-out plans include details at the wire center level as well as estimated capital and operating expenditures necessary to complete the network build-outs and operate the networks.

Public disclosure of Blackfoot's progress on its five-year build-out plan would provide existing competitors and potential competitors with detailed information, down to the wire center level, about the status of Blackfoot's existing network as well as its network upgrade plans for the next five years, including planned capital expenditures. Blackfoot's competitors could use this information to inform their market entry decisions, aggressively targeting the lower cost and/or underserved areas of Blackfoot's ILEC service territory to the detriment of Blackfoot. Clearly, Blackfoot derives a competitive advantage by keeping the five-year network build-out plans secret, as it provides a detailed road-map of Blackfoot's network upgrades for the next five years.

Thus, the five year network plans constitute trade secret and commercial and other finance information and must be afforded the protection offered under 5 USC § 552(b)(4).

The financial data contains Blackfoot's balance sheet, income statement, and cash flows. This financial data provides detailed information from which Blackfoot's debt-to-equity ratio, its leverage ratio and other key financial metrics can be derived. Blackfoot has worked hard to maintain a healthy financial structure, and has done so primarily through the expertise of its in-house finance staff. Put differently, the expertise of BTC's finance staff, including its CFO, which has been amassed over the last six decades, has created a text-book financial structure for rural telecom and broadband providers. The financial data is part and parcel to that outstanding financial structure.

In addition, the financial data reveals Blackfoot's economic health and viability in being able to efficiently operate a telecommunications and broadband network. The financial data portrays the necessary revenues, expenses, income, debt and cash flows necessary to operate as a successful rural ILEC. If revealed to a third party, that third party could utilize BTC's financial data to model its own financial structure to establish and operate a rural telecom and broadband company. In addition, the financial data could be used to expose potential economic vulnerabilities (and conversely strengths) of the overall enterprise. Competitors could potentially exploit these economic

¹ *Fifth Reconsideration Order*, 27 FCC Rcd 14,555-56, para. 17; *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Protective Order, 27 FCC Rcd 14,231 (Wireline Comp. Bur. 2012).

vulnerabilities through aggressive pricing or marketing of competing services, or other business strategies.

Public disclosure of Blackfoot's financial data would also have a detrimental competitive effect on Blackfoot. The financial data portrays Blackfoot's economic health and viability in being able to efficiently operate a telecommunications and broadband network. From the financial data, a third party could derive Blackfoot's debt-to-equity ratio, its leverage ratio, and other key financial metrics. This competitively sensitive information informs outside investment decisions, including Blackfoot's ability to service additional debt. If revealed to a third party, the financial data could be used to expose potential economic vulnerabilities of Blackfoot's ILEC operations in western Montana and southeastern Idaho. Competitors could potentially exploit these economic vulnerabilities through aggressive pricing or marketing of competing services. Blackfoot retains a competitive advantage by keeping the financial data secret and not available to the general public.

Thus, the financial data constitutes trade secret and commercial and other finance information and must be afforded the protection offered under 5 USC § 552(b)(4). Accordingly, Blackfoot respectfully requests that the information remain confidential for a minimum of five-years, the time reflected in the five-year build-out plan that is being submitted as part of the filing.

Enclosed are two copies of Blackfoot's financial data and five year build out plan for each of its three study areas for which confidential treatment is being requested.

Please contact me if you have any questions related to this filing.

Sincerely,



Jason B. Williams
Chief Operating Officer